

TOWN OF DAVIE TOWN COUNCIL AGENDA REPORT

TO: Mayor and Councilmembers

FROM/PHONE: Mark Alan, Human Resources Director (954) 797-1169

SUBJECT: Resolution

TITLE OF AGENDA ITEM: A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, SELECTING COMPBENEFITS CORPORATION TO PROVIDE FULLY-INSURED GROUP DENTAL BENEFITS INCLUDING A DENTAL MAINTENANCE ORGANIZATION (DMO) PLAN AND A DENTAL PROVIDER ORGANIZATION (DPO) PLAN; SELECTING STANDARD INSURANCE COMPANY TO PROVIDE LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D) INSURANCE BENEFITS, LONG TERM DISABILITY (LTD) INSURANCE BENEFITS, AND SHORT TERM DISABILITY (STD) INSURANCE BENEFITS; AND AUTHORIZING THE HUMAN RESOURCES DIRECTOR TO EXECUTE APPROPRIATE APPLICATIONS AND CONTRACTS FOR SAID BENEFIT PLANS.

REPORT IN BRIEF:

This resolution establishes an expanded group insurance benefits package for our employees which falls within the fiscal year 2001/2002 approved budget.

Currently, the Town offers our employees health, dental, life and accidental death and dismemberment (AD&D), Town administered short term disability (STD) benefits, as well as an employee assistance program (EAP).

The 2002 group insurance benefits package includes all of the previously provided benefits and adds valuable provider administered long term disability (LTD) benefits and the administration of a STD plan with benefit features at currently provided Town administered STD benefit levels. Long term disability (LTD) and STD plans will be administered by the same provider which is also the current provider of the Town's life and AD&D plan.

Selection of providers

The Town issued Request for Proposals (RFPs) for group medical, employee assistance program, dental, life and accidental death and dismemberment, long term disability, and short term disability.

Exhibit "A", entitled "Consultant's Commentary on Employee Benefits for 2002" which was previously provided to council, includes further information regarding the selection process and outlines the selected plan designs and contribution structure.

Since the Town received only one proposal for group medical benefits from our current provider, Cigna Healthcare, a new RFP for group medical/EAP benefits was issued. Due to the need for continuity of treatment between an EAP and a medical benefits plan, EAP benefits were included in this RFP. In response to this RFP, the Town received three proposals which included medical benefits. They included Cigna Healthcare, United Healthcare/Sapoznik Insurance, and Nationwide Public Employees Trust. Four other stand alone EAP proposals which did not include medical benefits were also received. Staff is in the process of analyzing these group medical/EAP benefits proposals and obtaining additional information required for the selection committee to prepare a recommendation. Staff intends to request a Town Council workshop in order to review recommendations regarding medical/EAP proposals with council.

The following outlines the Town's Selection Committee decisions regarding the non-medical/non-EAP proposals, presented in each plan category:

Dental

In response to the RFP, six proposals for dental plan services were received including a proposal from Prudential, the Town's current dental provider. Prudential presented the most costly proposal. The Selection Committee selected Compbenefits Corporation's dental maintenance organization (DMO) and dental provider organization (DPO) plan proposals. The selection of Compbenefits' proposal provides a total shared cost savings to the Town and our employees of more than \$100,000. Compbenefits competitive pricing is based upon their contracting abilities due to their substantial network and volume of insured in the service area.

Life and Accidental Death and Dismemberment (AD&D) Insurance

In response to the RFP, six life and AD&D insurance proposals were received including a proposal from Standard Insurance Company, the Town's current life and AD&D insurance provider. Standard also provided the most competitive short term disability (STD) benefit and long term disability (LTD) benefit proposals. A renewal of Standard life and AD&D insurance includes an increase of approximately \$5,130. This will be the first increase in two years, and the new rates have a two-year guarantee. Additionally, Standard lowered the rate tables for the optional life program. Employees purchasing additional life insurance at group rates will have lower age-banded rates available to them. The Selection Committee selected Standard's life and AD&D insurance plan proposal.

Long Term Disability (LTD) and Short Term Disability (STD) Insurance

The Town currently provides a Town administered short term disability (STD) benefit and no long term disability (LTD) benefit. In response to the RFP, four LTD and STD insurance proposals were received. The Selection Committee selected Standard Insurance Company's proposal, the most competitive, for LTD and STD benefits. This selection adds valuable provider administered LTD benefits and the administration of a STD plan with benefit features at currently provided Town administered STD benefit levels to our employees' benefits package.

Cost Sharing/Contribution Structure

Dental

Currently, the Town pays 100% of single dental coverages as well as 50% of the dependent coverages after single coverage cost. Employees pay the difference between the family rate and the single coverage rate. This contributory strategy is utilized whether the employee selects the DMO or the DPO plans. Additionally, the Town has subsidized the 2001 rate increase. This strategy represents a benefit in excess of what has been agreed upon in collective bargaining agreements.

In light of the current state of the insurance market and in order to provide benefits at current levels as well as to provide additional valuable benefits while remaining within budget, this resolution includes a revised contribution strategy. The Town will pay 100% of single dental coverages and 50% of the dependent coverages after single coverage cost at DMO rate equivalents. Employees will pay 50% of the difference between the single and family DMO rates. Employees electing the DPO plan will pay for the difference in premium from the DMO contribution. The figure below indicate current biweekly employee contributions as well as biweekly employee contributions under proposed and current contribution strategies.

Dental	Current Prudential/Aetna	Compbenefits w/ Proposed Contribution and 2yr rate guarantee	Compbenefits Current Contribution Strategy and 2yr rate guarantee
<u>DMO Biweekly</u>			
Individual	\$0.00	\$0.00	\$0.00
Individual + Family	\$8.28	\$3.56	\$3.56
<u>DPO Biweekly</u>			
Individual	\$0.00	\$4.51	\$0.00
Individual + Family	\$11.81	\$18.57	\$8.81

By authorizing the selection of the Compbenefits proposal with the recommended contribution strategy instead of the selection of the Prudential/ Aetna proposal with the current contribution strategy, the town will realize a total annual dental plan cost savings of \$121,880. Annual cost of this item to the Town is \$101,626.

\$45, 677 of this annual savings will be realized by utilizing the proposed contribution strategy instead of the current contribution strategy.

Life and Accidental Death and Dismemberment (AD&D) Insurance

The Town pays 100% of core coverage. Employees may purchase up to three times their annual salary at group rates under the optional life program. Annual cost of this item to the Town is \$56,426.

Short Term Disability (STD) Insurance

The Town pays 100% of coverage. Annual cost of this item to the Town is \$31,041.

Long Term Disability (LTD)

The Town pays 100% of core coverage which is 40% of monthly salary up to \$3,333. Employees may buy-up (purchase additional coverage) to either 50% of monthly salary up to \$4,167, or to 60% of monthly salary up to \$5,000. Annual cost of this item to the Town is \$53,491.

Recommendation

Staff recommends approval of this resolution which establishes an expanded group insurance benefits package for our employees which fall within the fiscal year 2001/2002 approved budget.

PREVIOUS ACTIONS: Not Applicable

CONCURRENCES: Not Applicable

FISCAL IMPACT:

Has request been budgeted? Yes

Cost: \$242,584

Account Name: Employee Benefits Accounts

RECOMMENDATION(S): Motion to approve the Resolution

Attachment(s):

- Resolution
- Exhibit "A", entitled "Consultant's Commentary on Employee Benefits for 2002", previously provided to Council

RESOLUTION NO. _____

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, SELECTING COMPBENEFITS CORPORATION TO PROVIDE FULLY-INSURED GROUP DENTAL BENEFITS INCLUDING A DENTAL MAINTENANCE ORGANIZATION (DMO) PLAN AND A DENTAL PROVIDER ORGANIZATION (DPO) PLAN; SELECTING STANDARD INSURANCE COMPANY TO PROVIDE LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D) INSURANCE BENEFITS, LONG TERM DISABILITY (LTD) INSURANCE BENEFITS, AND SHORT TERM DISABILITY (STD) INSURANCE BENEFITS; AND AUTHORIZING THE HUMAN RESOURCES DIRECTOR TO EXECUTE APPROPRIATE APPLICATIONS AND CONTRACTS FOR SAID BENEFIT PLANS.

WHEREAS, the Town of Davie has solicited proposals for group, dental, life and accidental death and dismemberment, long term disability, and short term disability benefits for employees and their dependents, elected officials, and eligible participants; and

WHEREAS, the Selection Committee has selected Compbenefits Corporation as the firm best qualified to provide group dental benefits, and Standard Insurance Company as the firm best qualified to provide group life and accidental death and dismemberment benefits, group long term disability benefits, and group short term disability benefits; and

WHEREAS, it is in the Town's best interest to execute appropriate applications and contracts for said benefits.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

SECTION 1. The Town Council of the Town of Davie does hereby accept Compbenefits Corporation as provider of group dental benefits, Standard Insurance Company as provider of group life and accidental death and dismemberment benefits, group long term disability benefits, and group short term disability benefits. Plan design and contribution information is attached hereto as Exhibit "A", entitled "Consultant's Commentary on Employee Benefits for 2002".

SECTION 2. The Town Council of the Town of Davie does hereby authorize the Human Resources Director to execute appropriate applications and contracts for said benefits. Pursuant to ordinance, benefits may be renewed for up to four (4) additional terms without soliciting proposals. The Town Council of the Town of Davie does hereby authorize said renewals, if appropriate, to be handled administratively by staff, subject to budgetary approval by Town Council.

SECTION 3. This resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED THIS ____ DAY OF _____, 2002

MAYOR/COUNCILMEMBER

ATTEST:

TOWN CLERK

APPROVED THIS ____ DAY OF _____, 2002